

May 22, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State Budget Actions

On Monday, May 20, 2002, Assembly Budget Subcommittees No. 1 and 4 discussed and decided various issues of interest to the County.

Mental Health

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program. The Subcommittee deferred action on the Governor's proposal to require a county share-of-cost until later in the week.

Children's System of Care (CSOC) Program. The Subcommittee conformed to the Senate action by rejecting the Governor's proposal to eliminate the CSOC Program and approving full funding of \$35 million. This should not be a budget conference committee item.

Integrated Services for Homeless Adults Program. The Subcommittee conformed to the Senate action by adopting the Governor's proposal to cut \$10 million. However, this should be a conference committee item because the Senate added \$2 million to continue programs in Los Angeles and Stanislaus counties.

Social Services

Employment Services. The Subcommittee conformed to the Senate action by increasing the amount of county performance incentives to augment employment services funding from \$120 million to \$128 million. When coupled with other adjustments to the Single Allocation, the \$145 million required to implement the CWDA equity proposal would be available.

It also conformed with Senate action by reallocating to counties in FY 2002-03 all previously-allocated performance incentives unspent as of June 30, 2002, except for the \$169 million borrowed for other CalWORKs purposes and the \$128 million to be used for Employment Services augmentation. This action would result in greater FY 2002-03 performance incentives allocations to Los Angeles and all other counties.

Employment services should not be a budget conference committee item.

LEADER. The Subcommittee conformed to the Senate action by approving the Governor's May Revision to provide \$11.2 million (\$5.4 million general fund) for system upgrades to LEADER. This issue should not be a budget conference committee item.

County Administration Costs. The Subcommittee deferred action until later this week on the Governor's proposal to reduce funding for counties' administrative costs for various social services programs, including Medi-Cal, IHSS, CalWORKs, Food Stamps and child welfare services.

Child Support Penalties. The Subcommittee conformed to the Senate action by adopting the May Revision change to the penalty estimate (which assumes the federal penalty will be cut in half to \$90 million) and trailer bill language which assesses 50 percent of the penalties to counties and 50 percent to the State. Various county representatives are attempting to reopen this issue in order to move it to the budget conference committee, thereby providing counties additional time to develop an alternative.

Quarterly Reporting. The Subcommittee conformed to the Senate action by adopting the Governor's proposal, including trailer bill language to implement prospective budgeting and quarterly reporting in CalWORKs, Food Stamps and the California Food Assistance Programs. Quarterly reporting should not be a budget conference committee item.

CalWORKs and SSI/SSP COLA. The Subcommittee adopted the Governor's proposal to suspend the COLA for CalWORKs and SSI/SSP recipients but adopted trailer bill language to accrue the increases so they can be restored in FY 2003-04. Unless reopened by the

Assembly, this will be a budget conference committee item because the Senate voted to provide a COLA effective June 1, 2003.

County Program Grant. The Subcommittee conformed to the Senate action by sustaining its prior action to reject the Governor's proposal of a County Program Grant to give counties more flexibility over certain CalWORKs expenditures. This issue should not be a budget conference committee item.

Child Care. The Subcommittee conformed to the Senate action by adopting the Governor's proposal to restore programs to baseline levels, and to extend services for all prior CalWORKs families who reach the time limits for transitional benefits, for the budget year only. This should not be a conference committee item.

Food Stamp Error Rate. The Subcommittee conformed to the Senate action by adopting the Governor's proposal to require the State to pay \$11.6 million (10 percent) of the Federal penalty and counties to pay the remaining \$104 million. This issue should not be a budget conference committee item.

As previously reported, the Subcommittee continued its meetings today, Wednesday, May 22, 2002 to discuss health issues. All remaining issues will be heard on Thursday, May 23, 2002.

Assembly Budget Subcommittee No. 4

Emergency Housing and Assistance. The Subcommittee adopted the Governor's proposal to reduce funding by \$6 million.

Trial Court Funding. The Subcommittee approved the Governor's proposal for a one-time reduction of \$59.2 million in State Trial Court funding to be absorbed by the Courts.

Department of Justice Grants. The Subcommittee approved the Governor's proposal of a \$1.5 million reduction in the California Gang Crime and Violence Prevention Partnership and an \$800,000 reduction in grants to district attorneys for vertical prosecution in spousal abuse cases.

Mentally Ill Offender Crime Reduction Grant and Juvenile Crime Enforcement and Accountability Grant. The Subcommittee approved the Governor's recommendation to save \$29.6 million by eliminating funding for these programs.

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Office of Criminal Justice Planning Grants. The Subcommittee approved the Governor's proposal to cut \$4.1 million from High Technology Apprehension and Prosecution Grants and \$19.3 million (50 %) from Local Assistance Grants.

State Audit of the Department of Health Services

According to the Bureau of State Audits, their report on the fiscal condition of the County's Department of Health Services is tentatively scheduled for release on Thursday, May 30, 2002. Under Chapter 195 (AB 1657 Hertzberg) enacted last year, the State Auditor was directed to evaluate the financial capacity of the Department "to render necessary health care services to the residents of Los Angeles County." Their first report is due by June 1, 2002, with a followup scheduled for April 1, 2003.

Impact of the Governor's Proposed Budget Reductions

Attached is a table containing our updated estimate of the impact on the County of the Governor's proposed budget reductions. It now totals \$290 million in the budget year.

We will continue to keep you advised.

DEJ:GK
IGR:zo

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants